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Richard Dodd
Manager of Logistics Worldwide

February 28, 2000

Surface Transportation Board
Office of the Secretary
Case Control Unit, ATTN: STB Ex Parte No. 582
1925 K Street, N.W.
Washington, DC 20423-0001

Views on Major Rail Consolidations
STB Ex Parte No. 582

BNSF/CN
STB Finance Docket No. 33842

Gentlemen and Mesdames:

Our company uses rail transportation. Annual volume shipped via railroad is approximately 500,000 net tons in over 5,000 railcars, with rail freight expense exceeding $13,000,000 annually. Our primary rail carriers are the Union Pacific Railroad and Burlington Northern Sante Fe Railroad.

I support the STB decision with regard to the BNSF/CN docket to examine the effects that the proposed BNSF/CN transaction may have on the rail transportation industry. I urge the STB to consider the effects that further mergers and consolidations in the rail industry may have on shippers using rail service in North America.

The rail industry is still coping with the effects of the recent railroad mergers that began with the Burlington Northern purchase of the Santa Fe. Our company experienced rail service problems as a result that merger as well as a result of the merger of the Union Pacific and Southern Pacific. While improvements in service have been noted, it has been after a long, expensive and resource consuming process for our company. In my opinion, the benefits of these mergers have not yet been fully realized. The rail industry needs more time to stabilize and improve overall operations before further consolidations happen.

For the past twenty months, we now measure the transit performance of our company's private rail car fleet. Using the transit standards (i.e., number of days from origin point to destination point) given to us by the BNSF and UP we have yet to see the average transit time per rail car to meet or perform better than the transit standards supplied by either railroad. This would seem to be testimony that either railroad has yet to achieve acceptable operating standards and that further expansion or consolidations by either railroad is at least questionable. As we ship virtually no freight East of the Mississippi River, we can only commiserate with the shippers that have encountered service breakdowns following the split of Conrail.

We are also concerned by the lack of meaningful competition by railroads West of the Mississippi River. As discussed above, service standards remain less than optimal. We have started to experience an increase in rates, elimination of rail equipment that is best suited for our freight, refusal to negotiate agreements through which both parties would have incentive to be successful, and an attitude that is concerned with business success of the railroad at the expense of us, the shipper.

Our company has worked through the disruption to rail service that has followed recent mergers. The shipper community deserves a period of stability in the rail industry to determine whether the mergers that the STB has approved are indeed successful in delivering the performance benefits and, at the least, sustain a competitive environment in which shippers dependent upon rail service are not subjected to financial hardship.

Sincerely,

Richard Dodd